

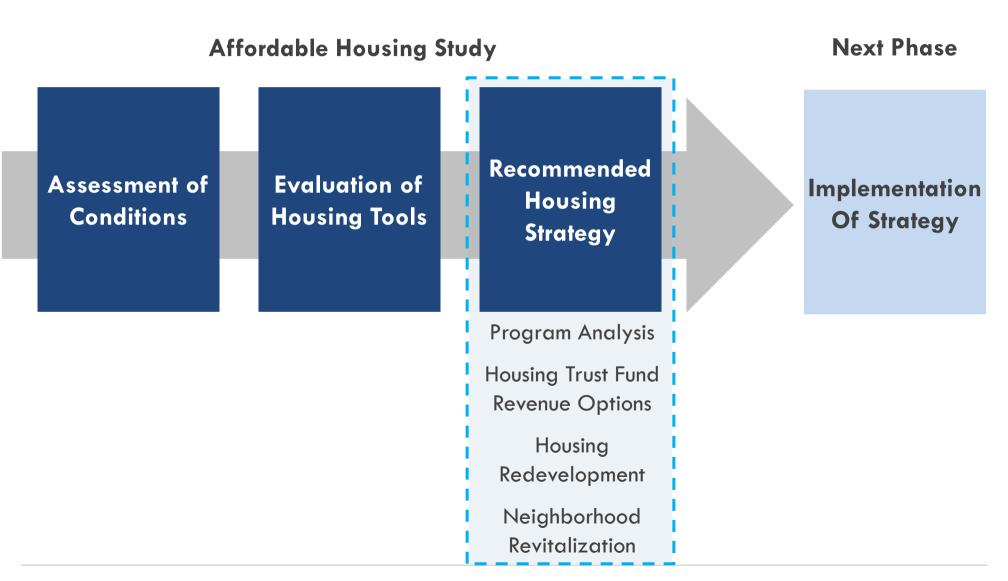
Today's presentation is an update on the status of the Norfolk's affordable housing study.

Introduce housing initiatives and programs at the City's disposal

Begin discussion of a strategic framework to address Norfolk's housing needs

No official council action is required at this time

The recommended housing strategy was created based on prior analysis of the local housing market and existing housing tools.



HR&A's assessment of market conditions in Norfolk highlighted current housing needs and opportunities to address them.

Norfolk is a moderate strength housing market made up of housing submarkets of varying strength: strong, tipping point, and fragile submarkets.

\$177,000

Median Home Value in Norfolk

The private market cannot serve all housing needs in Norfolk without support from the City.

55%

Share of Norfolk renters that are housing cost-burdened*

Within the Hampton Roads region,

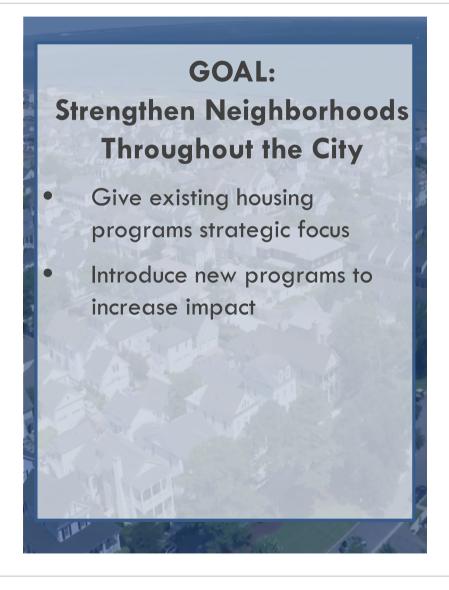
Norfolk bears a disproportionate burden
of public housing.

48%

of regional public housing units, but only 17% of the region's population

^{*}Cost-burdened is defined as spending more than 30% of income on housing costs (gross rent, including utilities)

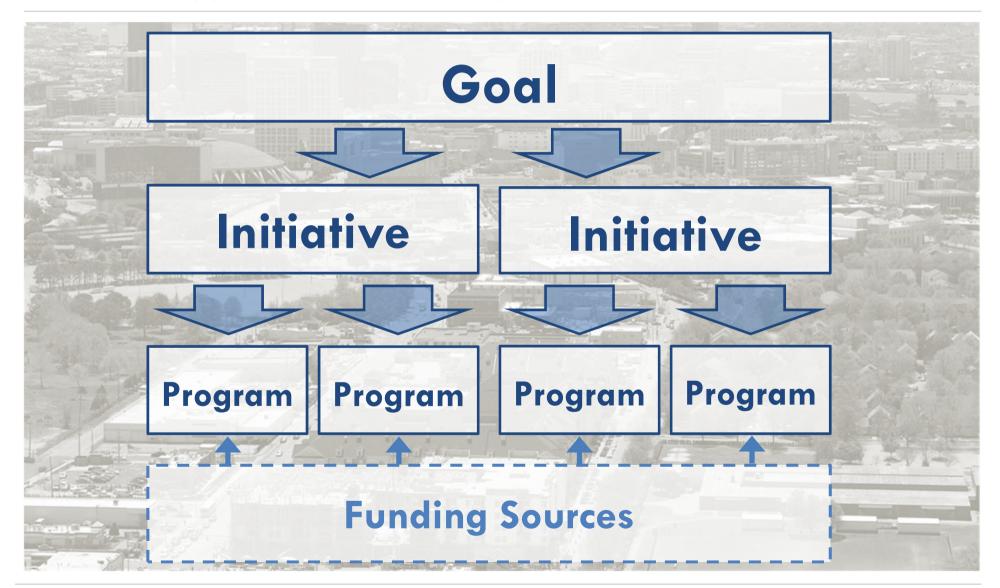
Norfolk's leadership consistently described two goals that the housing strategy must address.



GOAL: Deconcentrate Clusters of Poverty

- Create new housing options for low-income residents in communities of opportunity
- Address obsolete public housing

The housing strategy recommendations are organized around the two goals, with supporting initiatives and programs.



Four key principles guided the development of the proposed housing strategy for Norfolk.

Maintain a People-Focused Perspective Develop a Bold Strategy For Norfolk

Leverage Public and Private Resources

Align Housing
Programs with Existing
Strategic Plans

Goal: Strengthen Neighborhoods

Initiatives

Increase Homeownership
Promote Small Rental Revitalization
Create New Rental Housing

Goal: Deconcentrate Poverty

Initiatives

Redevelop Public Housing
Require Mixed-Income Rental Housing

Goal: Strengthen Neighborhoods | Focus housing investments in tipping point and fragile markets to rebuild housing markets.





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Initiative: Increase Homeownership | Increase homeownership to strengthen neighborhoods and support residents' ability to build wealth.

- Norfolk's homeownership rate is 44%, which is lower than the Hampton Roads region as a whole.
- Increased Homeownership is an opportunity to build the wealth of residents.

To increase the homeownership rate, the City should implement or modify four distinct but complementary programs:

- 1 Strategy for the Sale of GEM Lots for Homeownership
- 2 Development Subsidy
- 3 Owner Occupied Rehab
- 4 Down Payment Assistance

Initiative: Small Rental Revitalization | Improve the quality and preserve the affordability of small rental properties.

- Norfolk has more than 12,000 units of naturally affordable market rate housing.
- The majority of Norfolk's rental housing is in buildings of ten units or less.
- More than half of Norfolk's rental housing predates the 1960's.

To improve and preserve this important stock of naturally affordable rental properties, the City should implement the following programs:

- Rental Rehabilitation Fund
- 2 Code Enforcement
- 3 Rental Inspection

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Initiative: New Rental Housing | Develop quality affordable rental housing to meet existing needs and attract new residents.

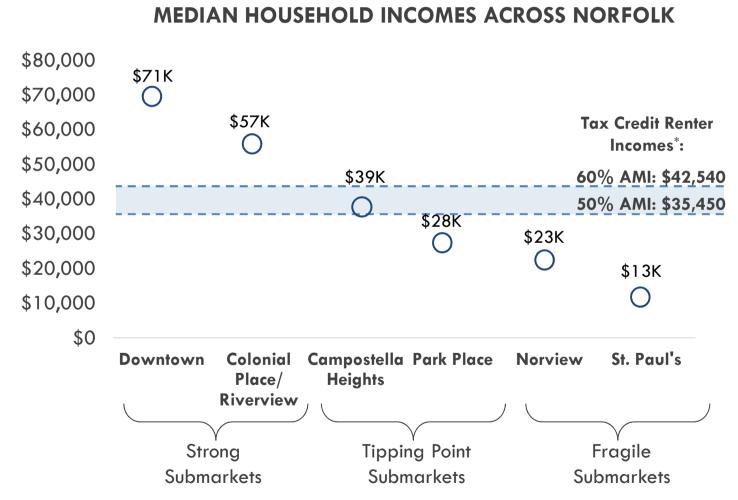
- Norfolk faces a shortage of affordable rental housing.
- Rents are generally not high enough in tipping point submarkets to support new development.

To create new quality housing across all submarkets, the City of Norfolk should support the development of tax credit projects, specifically 4% tax credit projects.



4% Tax Credit Projects

In tipping point markets, the average household income for tax credit renters is at or above average incomes in the submarket.



AVERAGE SALARY BY OCCUPATION**

\$32,000

Dental Assistant

\$32,000

Preschool Teacher

\$24,000

Waiter/Waitress

\$22,000

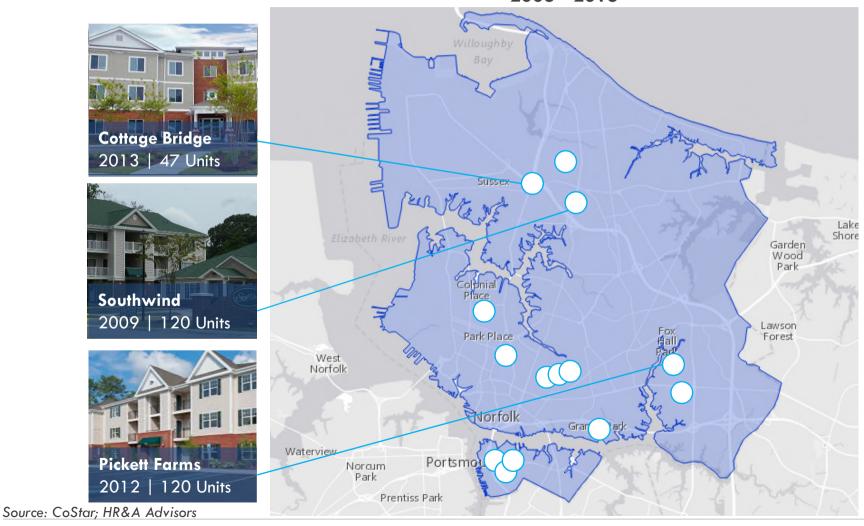
Home Health Aide

^{*}Assumes a four-person household

^{** 2015} Mean Annual wage in the Virginia Beach-Norfolk-Newport News MSA

There have been 1,900 tax credit units built in Norfolk in the past decade, providing housing primarily for households earning up to \$42,540.

TAX CREDIT DEVELOPMENT 2006 - 2016



Goal: Strengthen Neighborhoods

Initiatives

Increase Homeownership
Promote Small Rental Revitalization
Create New Rental Housing

Goal: Deconcentrate Poverty

Initiatives

Redevelop Public Housing
Require Mixed-Income Rental Housing

Goal: Deconcentrate Poverty | Through the development of mixed-income neighborhoods, the City can support the deconcentration of poverty.



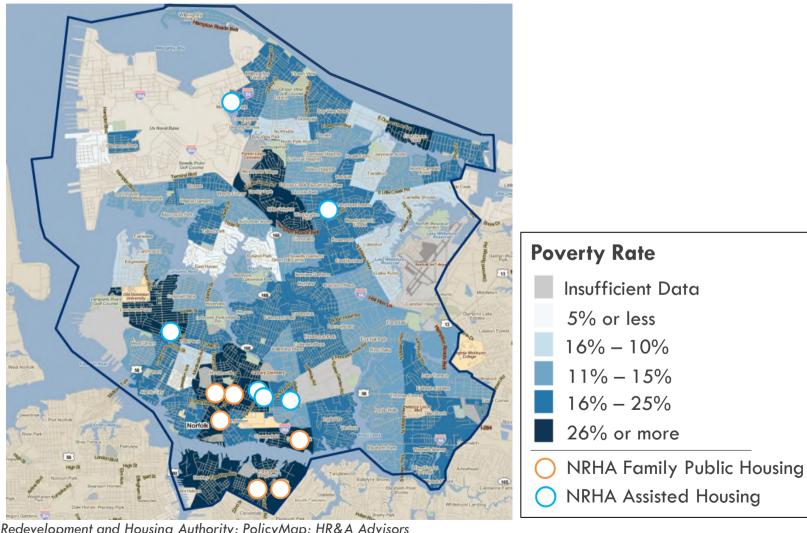


"A major step to create more fair housing opportunities will be to expand the availability of affordable housing in areas of median or high income in Norfolk, and to consider new family and mixed-income housing outside areas of concentrated poverty."

Norfolk Plan to Reduce Poverty

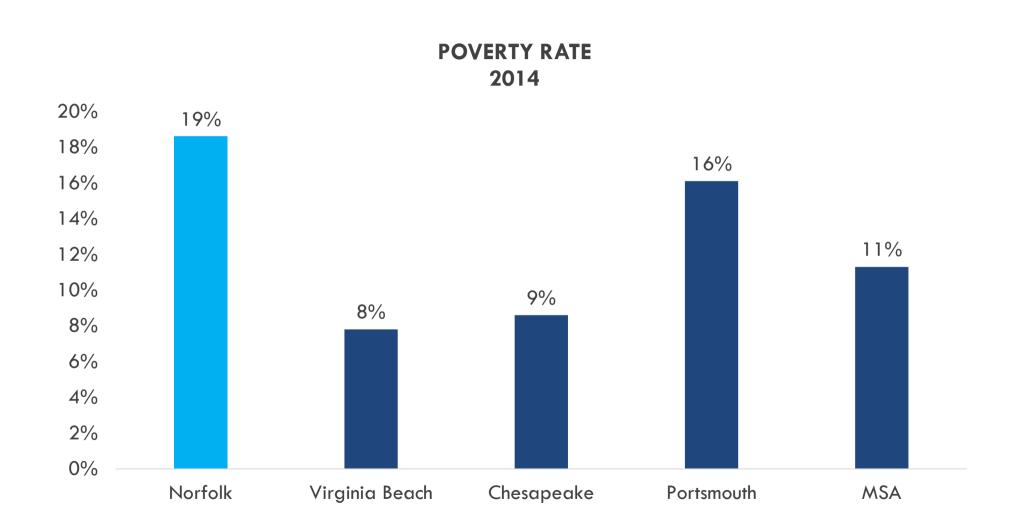
Large-scale public housing development concentrates poverty by its nature and must be addressed.

POVERTY AND PUBLIC HOUSING



Source: Norfolk Redevelopment and Housing Authority; PolicyMap; HR&A Advisors

Deconcentrating poverty will require a regional approach.



Sources: ESRI; HR&A Advisors

Initiative: Redevelop Public Housing | Public housing redevelopment is essential to deconcentrate poverty and provide opportunity to residents.

- Norfolk's public housing is composed of distressed buildings and obsolete development patterns.
- Public housing residents have limited access to housing in communities of opportunity.
- Norfolk lags behind other cities in redeveloping public housing family communities.

Redevelopment should include programs addressing both physical buildings and resident needs:

- 1 Tenant Mobility
- 2 Landlord Outreach
- 3 Master Planned Redevelopment

Initiative: Require Mixed-Income Rental Housing | Mixed-income housing provides access to neighborhoods of opportunity for all residents.

• The creation of mixed-income housing expands the availability of quality affordable housing.

Redevelopment should include program's addressing both physical buildings and resident needs:

- 1 Tax Credit Development Voucher Program
- 2 Inclusionary Housing Policy

Next Steps | Moving forward, Norfolk must refine its housing strategy and begin program design for new programs.

Affordable Housing Study

Recommended Housing Strategy

Implementation Of Strategy

Model
Prototype
Housing
Program /
Strategy

Describe Necessary
Tools and Resources

Assess Funding Strategy

Create Concept
Neighborhood Plan

Program
Design /
Modification

Structure Funding
Sources

Develop Policy Language

Identify Potential Partners

Program Implementation

Launch...